

INTERMEDIATE CAPITAL GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS

31 January 1993

(Registered Number 2234775)

INTERMEDIATE CAPITAL GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS

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INTERMEDIATE CAPITAL GROUP LIMITED

NOTICE OF MEETING

Notice is hereby given that the fourth Annual General Meeting of Intermediate Capital Group Limited will be held at 62/63 Threadneedle Street, London, EC2R 8HE on Wednesday, 19 May 1993 at 12.00 p.m. for the following purposes:

1. To receive and adopt the financial statements for the year ended 31 January 1993, together with the reports of the Directors and Auditors thereon
2. To declare any dividend
3. To re-appoint the auditors and fix their remuneration
4. To transact any other ordinary business of the Company

By Order of the Board

J R B ODGERS

Secretary

24 March 1993

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the Company. Proxy forms must be lodged with the Secretary not later than 48 hours before the time fixed for the meeting.
2. Copies of all Directors' service contracts are available for inspection during business hours at the Company's registered office at 62/63 Threadneedle Street, London, EC2R 8HE.

## INTERMEDIATE CAPITAL GROUP LIMITED

### DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 January 1993.

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group is that of providing intermediate capital to companies in the United Kingdom and elsewhere in Western Europe.

The group's profit before taxation was £6,138,000 (1992 - £5,184,000). The Directors consider the state of the group's affairs to be satisfactory.

The group has a conservative policy of making general provisions against the value of its loan book and at 31 January 1993 the general provision stood at £4,627,000. The group's assets includes a portfolio of warrants, which are included in the balance sheet at nil value. It is the opinion of the Directors that the value of the group's total assets as at 31 January 1993 materially exceeds that shown in the Balance Sheet.

#### DIRECTORS

The present membership of the Board, along with their date of appointment where relevant, is as set out on Page 2. Mr de Rancourt resigned on 11 July 1992, and Mr Boris was appointed in his place. The resignations of Mr Loewenthal, Mr Natori and Mr Poole were confirmed at the Board Meeting on 16 September 1992, and Mr Burnside, Mr Takenaka and Mr Letley respectively were appointed in their place. The remainder of the Directors shown on Page 2 served throughout the year.

The Directors' interests, as defined by the Companies Act, in the shares of the company at 31 January 1993 were as follows:

	1993		1992	
	Voting	Non-Voting	Voting	Non-Voting
T H Bartlam	90,000	801,000	90,000	801,000
J-L Brousse de Gersigny	90,000	801,000	90,000	801,000
A D Jackson	90,000	801,000	90,000	801,000
J R B Odgers	90,000	801,000	90,000	801,000

The directors had no interests in the shares of Intermediate Capital Investments Limited.

# INTERMEDIATE CAPITAL GROUP LIMITED

## DIRECTORS' REPORT

(continued)

### DIVIDEND

A preference dividend at the rate of 7% (net) (1992- 5% (net)) will be paid to holders of the preference shares on 31 May 1993. In accordance with the dividend policy of the company, the Directors do not recommend the payment of an ordinary dividend.

### FIXED ASSETS

Movements in fixed assets are shown in Note 8 to the financial statements.

### AUDITORS

A resolution for the reappointment of the current auditors, Touche Ross & Co., will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

J R B ODGERS

Secretary

24 March 1993



INTERMEDIATE CAPITAL GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 January 1993

	<u>Note</u>	<u>1993</u>	<u>1992</u>
		<u>£,000</u>	<u>£,000</u>
Interest and dividend income		18,317	19,261
Gain on disposals		5,509	-
Fee and other operating income		1,049	1,863
		<u>24,875</u>	<u>21,124</u>
Administrative expenses	3	(1,784)	(2,352)
		<u>23,091</u>	<u>18,772</u>
Interest payable and similar charges	4	(12,379)	(12,055)
Profit before provisions and taxation		<u>10,712</u>	<u>6,717</u>
General and specific provisions	1(d)	(4,574)	(1,533)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>6,138</u>	<u>5,184</u>
Tax on profit on ordinary activities	5	(1,796)	(2,167)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>4,342</u>	<u>3,017</u>
Dividend proposed	7	(1,260)	(900)
		<u>          </u>	<u>          </u>
RETAINED PROFIT TRANSFERRED TO RESERVES	14	<u>3,082</u>	<u>2,117</u>

The accompanying notes are an integral part of these financial statements

INTERMEDIATE CAPITAL GROUP LIMITED  
CONSOLIDATED BALANCE SHEET 31 January 1993

	<u>Note</u>	<u>1993</u>	<u>1992</u>
		<u>£,000</u>	<u>£,000</u>
FIXED ASSETS			
Tangible assets	8	219	57
LOANS	9	145,677	147,063
INVESTMENTS	10	3,938	2,604
CURRENT ASSETS			
Debtors	11	17,216	5,122
Loans and investments	12	8,243	13,000
Cash at bank and in hand		52	21
		<u>25,511</u>	<u>18,143</u>
TOTAL ASSETS		<u>175,345</u>	<u>167,867</u>
CAPITAL & RESERVES			
Called-up share capital	13	20,000	20,000
Share premium account		12,550	12,550
Profit and loss account and other reserves	14	3,829	747
		<u>36,379</u>	<u>33,297</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	5,347	5,422
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	134,390	127,372
PROVISIONS FOR LIABILITIES & CHARGES	17	(771)	1,776
TOTAL CAPITAL AND LIABILITIES		<u>175,345</u>	<u>167,867</u>

These financial statements were approved by the Board of Directors on 24 March 1993

Signed on behalf of the Board of Directors by:

N C IRELAND     )  
                              ) Directors  
A D JACKSON     )

The accompanying notes are an integral part of these financial statements

INTERMEDIATE CAPITAL GROUP LIMITED

BALANCE SHEET 31 January 1993

	<u>Note</u>	<u>1993</u>	<u>1992</u>
		<u>£,000</u>	<u>£,000</u>
FIXED ASSETS			
Tangible assets	8	219	57
LOANS	9	145,800	140,257
INVESTMENTS	10	9,788	9,014
CURRENT ASSETS			
Debtors	11	15,856	3,288
Loans and investments	12	8,243	13,000
Cash at bank and in hand		36	8
		<u>24,135</u>	<u>16,296</u>
TOTAL ASSETS		<u>179,942</u>	<u>165,624</u>
CAPITAL & RESERVES			
Called-up share capital	13	20,000	20,000
Share premium account		12,550	12,550
Profit and loss account and other reserves	14	8,053	280
		<u>40,603</u>	<u>32,830</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	4,949	5,422
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	134,390	127,372
TOTAL CAPITAL AND LIABILITIES		<u>179,942</u>	<u>165,624</u>

These financial statements were approved by the Board of Directors on 24 March 1993

Signed on behalf of the Board of Directors by:

N C IRELAND     )  
                          ) Directors  
A D JACKSON     )

The accompanying notes are an integral part of these financial statements



INTERMEDIATE CAPITAL GROUP LIMITED  
CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 January 1993

	<u>Note</u>	<u>1993</u>	<u>1992</u>
		<u>£,000</u>	<u>£,000</u>
Operating activities			
Interest and dividends received		16,971	16,183
Gain on disposals		2,954	-
Fee and other operating income		885	1,965
Other cash payments		(2,453)	(2,438)
		<u>18,357</u>	<u>15,710</u>
Interest paid		(12,681)	(11,068)
Net cash income from operating activities	18	<u>5,676</u>	<u>4,642</u>
Taxation			
UK taxation		(1,643)	(1,328)
Overseas taxation		(70)	(18)
Dividends paid		(900)	-
Purchase of fixed assets		(196)	-
		<u>(2,809)</u>	<u>(1,346)</u>
Movement on loans and investments			
Purchases of loans and investments		(29,227)	(50,031)
Purchases of loans for syndication		7,453	(13,000)
Realisations of loans		20,514	3,000
		<u>(1,260)</u>	<u>(60,031)</u>
Net cash inflow/(outflow) before financing		<u>1,607</u>	<u>(56,735)</u>
Financing			
Decrease/(increase) in bank loans	20	207	(56,952)
		<u>207</u>	<u>(56,952)</u>
Increase in cash	19	<u>1,400</u>	<u>217</u>
		<u>1,607</u>	<u>(56,735)</u>

The accompanying notes are an integral part of these financial statements

## INTERMEDIATE CAPITAL GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 1993

#### 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain assets as described below.

(b) Basis of Consolidation

The group financial statements are prepared in accordance with Financial Reporting Standard 2.

(c) Tangible Fixed Assets

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Furniture and Equipment	20% per annum
Leasehold Premises	Over the term of the lease

(d) Loans and Investments

Loans and investments are shown at cost less general and specific provisions plus the accrual of amounts receivable at the repayment of a loan which exceed the original cost. It is the company's practice to maintain a general provision at the level of 3% of the total value of loans and investments after specific provisions.

(e) Loans and Investments held as Current Assets

Listed investments held as current assets are marked to market value and any gain or loss arising taken to profit and loss account. Other loans and investments are held at the lower of cost and net realisable value.

(f) Taxation

Corporation Tax is provided on the taxable profits of the company at the current rate.

(g) Deferred Taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

INTERMEDIATE CAPITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 January 1993

1. ACCOUNTING POLICIES (continued)

(h) Pension Costs

It is the policy of the company to provide for pension liabilities by payments to insurance companies or to individuals for employees' private pension plans. The amount charged to the profit and loss account represents a percentage of the current payroll cost paid to defined contribution schemes.

(i) Foreign Exchange

Transactions denominated in foreign currencies are recorded at actual exchange rates ruling at the date of the transaction, or where appropriate, at the rate of exchange in a related forward exchange contract.

Monetary assets and liabilities denominated in foreign currencies at the year end are translated into sterling at the rate of exchange ruling at that date, or where appropriate, at the rate of exchange in a related forward exchange contract. Any gain or loss arising from a change of exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

(j) Revenues and Expenses

Underwriting fees and other arrangement fees are included in the profit and loss account on the date at which they are payable or receivable. Amounts receivable at the repayment of a loan which exceed the original cost are taken to profit and loss account over the full life of the loan. An equivalent amount is transferred to a non-distributable reserve until such time as repayment occurs, or provisions are made against the receipt of such amounts. Recurring fees, interest income, interest expense and overheads are accounted for on the accruals basis.

Dividend income is accounted for in the year in which the income is received.

The gain or loss arising on the disposal of a loan or an investment is recognised at the date on which the investment is sold. Any gain or loss is stated net of associated selling expenses.

(k) Value Added Tax

It is the company's policy to write off irrecoverable VAT on items of expenditure relating to the profit and loss account. VAT on tangible fixed assets is capitalised and written off over a similar period to the asset to which it relates.

# INTERMEDIATE CAPITAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 January 1993

### 2. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's retained profit for the financial year amounted to £7,773,000 (1992 - £1,518,000).

### 3. ADMINISTRATIVE EXPENSES

	1993 £,000	1992 £,000
Administrative expenses include:		
Directors' remuneration	744	1,341
Depreciation	34	63
Auditors' remuneration		
Audit	23	19
Other services	102	58
	<u>          </u>	<u>          </u>

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	1993 £,000	1992 £,000
Bank loans and overdrafts repayable within 5 years	12,379	12,055
	<u>          </u>	<u>          </u>

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1993 £,000	1992 £,000
Corporation Tax on the profits of the year at 33% (1992 - 33%)	4,413	1,120
Tax on franked investment income	67	67
Deferred Taxation	(2,658)	1,006
	<u>          </u>	<u>          </u>
	1,822	2,193
Adjustment in respect of prior years	(26)	(26)
	<u>          </u>	<u>          </u>
	1,796	2,167



INTERMEDIATE CAPITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 January 1993

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1993 £,000	1992 £,000
Directors' Emoluments		
Fees	102	104
Other Emoluments	642	943
Amounts previously waived	-	294
	<u>744</u>	<u>1,341</u>
Amounts waived by 4 directors	-	62
	<u>-</u>	<u>62</u>
Remuneration of Chairman	34	34
	<u>34</u>	<u>34</u>
Remuneration of highest paid director	138	287
	<u>138</u>	<u>287</u>
Scale of directors' remuneration (excluding chairman and highest paid director)	No	No
£0 - £5,000	8	1
£5,001 - £10,000	5	9
£135,001 - £140,000	3	-
£220,001 - £225,000	-	-
£285,001 - £290,000	-	3
	<u>16</u>	<u>13</u>
Employee costs during the year, including directors		
Wages and salaries	1,019	1,494
Social security costs	101	175
Pension costs	122	122
	<u>1,242</u>	<u>1,791</u>
	No	No
Average number of employees	12	12
	<u>12</u>	<u>12</u>

INTERMEDIATE CAPITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 January 1993

7. DIVIDEND PROPOSED

In accordance with its Articles of Association, the company will pay a dividend on its preference shares in the net amount of 7% (9.03% gross) (1992 - 5% (6.67% gross)).

8. TANGIBLE FIXED ASSETS

	Furniture & Equipment £,000	Leasehold Premises £,000	Total £,000
Group and Company			
<u>Cost</u>			
At 1 February 1992	113	104	217
Additions	47	149	196
Disposals		(104)	(104)
At 31 January 1993	<u>160</u>	<u>149</u>	<u>309</u>
<u>Depreciation</u>			
At 1 February 1992	56	104	160
Charge for the year	26	8	34
Disposals	-	(104)	(104)
At 31 January 1993	<u>82</u>	<u>8</u>	<u>90</u>
<u>Net Book Value</u>			
At 31 January 1993	<u>78</u>	<u>141</u>	<u>219</u>
At 31 January 1992	<u>57</u>	<u>-</u>	<u>57</u>

INTERMEDIATE CAPITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 January 1993

9. LOANS

	Group		Company	
	1993 £,000	1992 £,000	1993 £,000	1992 £,000
Loans to group companies	-	-	29,462	29,401
Other Loans				
Loans	154,883	151,735	119,935	114,412
Less : General provision	(4,506)	(4,672)	(3,597)	(3,556)
: Specific provision	(4,700)	-	-	-
	<u>145,677</u>	<u>147,063</u>	<u>116,338</u>	<u>110,856</u>
	<u>145,677</u>	<u>147,063</u>	<u>145,800</u>	<u>140,257</u>

Additional information in respect of loans for which there have been movements during the year are as follows:-

	Group £,000	Company £,000
Loans to group companies		
Balance at 31 January 1992	-	29,401
Additional loans	-	7,789
Repayments	-	(8,672)
Currency movement on foreign loans	-	944
Balance at 31 January 1993	<u>-</u>	<u>29,462</u>
Other loans at cost		
Balance at 31 January 1992	151,735	114,412
Net additions	27,849	19,982
Realisations	(30,635)	(20,511)
Amortised discount and capitalised interest	3,227	-
Amortised discount written back	(4,290)	-
Currency movement on foreign loans	6,997	6,052
Balance at 31 January 1993	<u>154,883</u>	<u>119,935</u>

INTERMEDIATE CAPITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 January 1993

9. LOANS (cont)

	Group £,000	Company £,000
General provision		
Balance at 31 January 1992	4,672	3,556
Provision made in respect of additions	585	417
Adjustment of accounting estimate	(751)	(376)
Balance at 31 January 1993	4,506	3,597
Specific provision		
Balance at 31 January 1992	-	-
Provisions made during the year	4,700	-
Balance at 31 January 1993	4,700	-

The accounting estimate adjustment reflects the practice of maintaining a general provision equivalent to 3% of the portfolio value after specific provisions, compared to the practice in prior years of charging 3% against each new investment until a provision level of 5% was achieved.

10. INVESTMENTS

	Group		Company	
	1993 £,000	1992 £,000	1993 £,000	1992 £,000
Shares in group companies at cost	-	-	9,014	9,014
Other Investments				
Redeemable preference shares (unlisted)	2,881	2,000	798	-
Loan Stock	467	470	-	-
Equity shares (unlisted)	711	215	-	-
	4,059	2,685	798	-
Less : General provision	(121)	(81)	(24)	-
	3,938	2,604	774	-
	3,938	2,604	9,788	9,014



# INTERMEDIATE CAPITAL GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 January 1993

### 10. INVESTMENTS (cont)

Additional information in respect of investments for which there have been movements during the year are as follows:-

	Group £,000	Company £,000
Other investments at cost		
Balance at 31 January 1992	2,684	-
Net additions	1,378	798
Realisations	(3)	-
Balance at 31 January 1993	<u>4,059</u>	<u>798</u>
General provision		
Balance at 31 January 1992	81	-
Provision made in respect of additions	40	24
Balance at 31 January 1993	<u>121</u>	<u>24</u>

### 11. DEBTORS

	Group		Company	
	1993 £,000	1992 £,000	1993 £,000	1992 £,000
Tax recoverable		1,706	-	1,506
Amount owed from/(to) group companies	-	-	(153)	(596)
Advance corporation tax recoverable	720	300	720	300
Other debtors	12,101	30	12,101	30
Prepayments and accrued income	4,395	3,086	3,188	2,048
	<u>17,216</u>	<u>5,122</u>	<u>15,856</u>	<u>3,288</u>

Other debtors include £11,266,000 in respect of a realisation which was completed in January 1993. Prepayments and accrued income include £858,000 (1992 - £737,000) which is receivable after more than one year.

INTERMEDIATE CAPITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 January 1993

12. LOANS AND INVESTMENTS HELD AS CURRENT ASSETS

	Group		Company	
	1993	1992	1993	1992
	<u>£,000</u>	<u>£,000</u>	<u>£,000</u>	<u>£,000</u>
Loans held for syndication	6,823	13,000	6,823	13,000
Listed investments	1,420	-	1,420	-
	<u>8,243</u>	<u>13,000</u>	<u>8,243</u>	<u>13,000</u>

The cost of listed investments at 31 January 1993 amounted to £3,000.

13. CALLED-UP SHARE CAPITAL

	1993	1992
	<u>£,000</u>	<u>£,000</u>
Authorised		
4,000,000 ordinary shares of 2.5 pence	100	100
7,600,000 convertible ordinary shares of 25 pence	1,900	1,900
30,000,000 preference shares of £1	30,000	30,000
	<u>32,000</u>	<u>32,000</u>
Allotted, called-up and fully paid		
4,000,000 ordinary shares of 2.5 pence	100	100
7,600,000 convertible ordinary shares of 25 pence	1,900	1,900
	<u>2,000</u>	<u>2,000</u>
Allotted, called-up and part paid		
30,000,000 preference shares of £1		
(60 pence paid - (1992 60 pence paid))	18,000	18,000
	<u>20,000</u>	<u>20,000</u>

INTERMEDIATE CAPITAL GROUP LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 January 1993

14. PROFIT AND LOSS ACCOUNT AND OTHER RESERVES

	Profit & Loss Account £,000	Non Dist- ributable Reserves £,000	Total £,000
<u>Group</u>			
Balance at 31 January 1992	(4,756)	5,503	747
Profit for the year	3,082	-	3,082
Transfer to profit and loss account (see Note 1(j))	3,314	(3,314)	-
Balance at 31 January 1993	<u>1,640</u>	<u>2,189</u>	<u>3,829</u>
<u>Company</u>			
Balance at 31 January 1992	280	-	280
Profit for the year	7,773	-	7,773
Balance at 31 January 1993	<u>8,053</u>	<u>-</u>	<u>8,053</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1993 £,000	1992 £,000	1993 £,000	1992 £,000
Trade creditors	245	58	245	58
Bank overdraft	281	1,650	281	1,650
Other creditors	-	10	-	10
Accruals	2,337	2,804	1,869	2,804
Dividends proposed	1,260	900	1,260	900
Corporation tax	1,224	-	1,294	-
	<u>5,347</u>	<u>5,422</u>	<u>4,949</u>	<u>5,422</u>

The bank overdraft is secured by a floating charge over the assets of the group.

INTERMEDIATE CAPITAL GROUP LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 January 1993

16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group		Company	
	1993	1992	1993	1992
	<u>£,000</u>	<u>£,000</u>	<u>£,000</u>	<u>£,000</u>
Bank loans	132,722	127,372	132,722	127,372
Other	1,668	-	1,668	-
	<u>134,390</u>	<u>127,372</u>	<u>134,390</u>	<u>127,372</u>

The bank loans and overdraft are secured by a floating charge over the assets of the group.

17. PROVISIONS FOR LIABILITIES & CHARGES

	Group		Company	
	1993	1992	1993	1992
	<u>£,000</u>	<u>£,000</u>	<u>£,000</u>	<u>£,000</u>
Deferred taxation				
on accrued income	780	1,776	-	-
on specific provision	(1,551)	-	-	-
	<u>(771)</u>	<u>1,776</u>	<u>-</u>	<u>-</u>
Balance at 31 January 1992	1,776			
Current year charge	(2,547)			
Adjustment in respect of prior year	-			
Tax rate change	-			
Balance at 31 January 1993	<u>(771)</u>			

Full provision is made for deferred tax.



INTERMEDIATE CAPITAL GROUP LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 January 1993

18. NET CASH INCOME FROM OPERATING ACTIVITIES

	<u>1993</u> <u>£,000</u>	<u>1992</u> <u>£,000</u>
Income before provisions and taxation	10,712	6,717
(Increase) in accrued income	(1,472)	(333)
(Decrease)/increase in accrued interest expense	(302)	987
Increase/(decrease) in other creditors	(2,506)	(79)
Amortisation of deep discount securities	(339)	(2,294)
Capitalisation of interest receivable	(417)	(356)
Net cash inflow from operating activities	<u>5,676</u>	<u>4,642</u>

19. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	<u>£,000</u>
Balance at 1 February 1992	(1,629)
Net cash inflow	1,400
Balance at 31 January 1993	<u>(229)</u>

The balances for cash and cash equivalents are as follows:-

	<u>1993</u> <u>£,000</u>	<u>1992</u> <u>£,000</u>
Cash at bank and in hand	52	21
Bank overdraft	(281)	(1,650)
	<u>(229)</u>	<u>(1,629)</u>

INTERMEDIATE CAPITAL GROUP LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 January 1993

20. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share Capital	Bank Loans
	<u>£,000</u>	<u>£,000</u>
Balance at 1 February 1992	20,000	127,372
Cash inflow from financing	-	(207)
Currency adjustment on foreign currency bank loans		5,557
Balance at 31 January 1993	<u>20,000</u>	<u>132,722</u>

21. CAPITAL COMMITMENTS

At 31 January 1993, the company has estimated that its contractual obligations to provide future funding of £9,070,000 (1992 - nil). Since 31 January 1993, the amount of contractual obligation has reduced by £3,145,000.

22. SUBSIDIARY COMPANIES

<u>Name</u>	<u>Country of Incorporation</u>	<u>Portion of Ordinary Shares held</u>
European Mezzanine Limited	United Kingdom	100%
Intermediate Capital B.V.	Netherlands	100%
Intermediate Capital Europe Limited	United Kingdom	100%
Intermediate Capital Finance Limited	United Kingdom	100%
Intermediate Capital International Limited	United Kingdom	100%
Intermediate Capital Investments Limited	United Kingdom	100%
Intermediate Capital Limited	United Kingdom	100%
Intermediate Capital Managers Limited	United Kingdom	100%
International Mezzanine Limited	United Kingdom	100%
JOG Partners Limited	United Kingdom	100%
Mezzanine Capital Investments Limited	United Kingdom	100%
Mezzanine Capital Managers Limited	United Kingdom	100%

All the above companies are finance and investment companies

AUDITORS' REPORT TO THE MEMBERS

of

INTERMEDIATE CAPITAL GROUP LIMITED

We have audited the financial statements on pages 5 to 21 in accordance with auditing standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group at 31 January 1993 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

24 March 1993

Chartered Accountants and Registered Auditor  
Peterborough Court  
133 Fleet Street  
London EC4